

**THE APPLICATION OF SAMSON LONE STAR, LLC TO AMEND THE FIELD RULES FOR THE CARTHAGE, NORTH (BOSSIER SHALE) FIELD, HARRISON, PANOLA AND RUSK COUNTIES, TEXAS**

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**Heard by:** Donna K. Chandler on February 2, 2009

**Appearances:**

Jim Clark

**Representing:**

Samson Lone Star, LLC

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Carthage, North (Bossier Shale) Field were adopted in Order No. 06-0257403, effective August 25, 2008. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 9,850 feet to 11,280 feet as shown on the log of the Sylvia & Sandra Herrin GU No. 1, Well No. 2;
2. 330'-500' well spacing, with no minimum well spacing between vertical and horizontal wells; special provisions for take points;
3. 40 acre gas units with 10% tolerance;
4. Provisions for stacked laterals;
5. Allocation based on 100% acreage with AOF status

Samson requests that the rules be amended to include language allowing off-lease penetration points in the field.

The examiner recommends that the field rules for the Carthage, North (Bossier Shale) Field be amended as proposed by Samson.

**DISCUSSION OF EVIDENCE**

The Carthage, North (Bossier Shale) Field was discovered in April 2006. The field is a non-associated gas field with 15 producing wells on the current proration schedule. The field rules already provide for measurement of distances to lease lines and other wells on a lease based on "take points". These rules provide for maximum drainhole length in horizontal wells.

Samson requests that the field rules be amended to provide for offsite penetration points. Rule 86 requires that the penetration point of a horizontal drainhole be on the lease. In some cases, it is beneficial to penetrate the reservoir off lease, while still having "take points" no closer than allowed under the field rules. In this field, it generally requires 400-500 feet of horizontal displacement to make the 90 degree turn from the penetration point until the well is horizontal. If the penetration point is required to be 330 feet from lease lines, then the first point of production is about 800 feet from the lease line. The proposed rules will allow a longer length of producing drainhole, resulting in the recovery of additional reserves. The proposed field rules would allow offsite penetration points, after notice to the mineral owners of the offsite tract on which the penetration point is located and if no protest is received.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Carthage, North (Bossier Shale) Field was discovered in 2006. The field is a non-associated gas field with 15 producing wells and is actively being developed with horizontal drainhole wells.
3. Field rules for the Carthage, North (Bossier Shale) Field provide for a designated interval, 330'-500' well spacing with no between-well spacing requirement for horizontal and vertical wells, 40 acre density and allocation based on 100% acreage with AOF status. The rules also include "take point" provisions for purposes of distance measurements to lease lines and other wells.
4. Allowing offsite penetration points, after notice to mineral owners of the offsite tract, will result in maximum producing drainhole length, thereby increasing ultimate recovery from horizontal drainhole wells.

**CONCLUSIONS OF LAW**

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Amending the spacing rule to provide for off-lease penetration points in the Carthage, North (Bossier Shale) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that the Commission amend the field rules for the Carthage, North (Bossier Shale) Field as proposed by Samson Lone Star, LLC. to provide for off-lease penetration points.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner